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SUBJECT: NEA A/S WELCH MEETING WITH OMANI FOREIGN MINISTER

Classified By: CDA Alfred F. Fonteneau for Reasons 1.4 (b, d)

SUMMARY

1. (C) NEA A/S Welch met December 12 with Omani Minister Responsible for Foreign Affairs Yousef bin Alawi in Muscat. Bin Alawi personally drove A/S Welch and the Ambassador to a meeting with Sultan Qaboos (septel), and then hosted a working lunch for them with participation from Foreign Ministry Under Secretary Sayyid Badr al Busaidi and Arabian Affairs Director Ahmad al Harthi. Discussions during the drive to/from the Sultan's residence and at the lunch focused on GCC views of Iraq, Iran's nuclear program, and the Israeli-Palestinian conflict. Bin Alawi praised the GCC 2 mechanism and looked forward to its next meeting with the Secretary. End Summary.

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GULF CONCERNS ABOUT IRAQ

2. (C) Bin Alawi stated that no consensus policy on Iraq had emerged at the recent GCC Summit in Riyadh. Member states had agreed, however, that Oman would continue work on its discussion paper on Iraq for the GCC, a decision that Qatari Foreign Minister Hamad Bin Jassim al Thani would convey to the U.S. (Note: Bin Alawi provided A/S Welch a copy in Arabic of the paper. End Note.) GCC Foreign Ministers would then review the revised paper at a "retreat" on December 26 with a view toward reaching a consensus policy by the proposed GCC 2 meeting in January. (Note: Post understands that this date has been moved to December 27. End Note.) The GCC, bin Alawi stressed, wants to consult closely with the U.S. and provide input into the "re-adjustment" of U.S. Iraq policy.

3. (S/NF) There are several different perspectives within the GCC on Iraq, bin Alawi stated. Oman, he said candidly, considers some of these views to be very dangerous. Making the violence in Iraq into a religious conflict risked great upheaval, bin Alawi warned, and he urged the U.S. to not treat this scenario lightly. He continued that there is a tendency in Saudi Arabia to see the conflict as a continuation of Islam's dynastic struggle. "Some others" hold a view that fighting in Iraq is not unacceptable as long as it doesn't spread and neither side wins. Saudi Arabia and the UAE in particular regard Iraq as a Shi'a-Sunni battleground. In Saudi Arabia's case, according to bin Alawi, this is compounded by King Abdallah's "stubborn," single-minded fixation with Iran and the Kingdom's religious contempt for Shi'a. Kuwait is fearful of a stronger Iraq; as long as it is weak, Kuwait will hedge its bets, e.g. by banking on a post-Saddam relationship with SCIRI. Qatar, bin Alawi stated, cannot be trusted; he confided that notes of

the Secretary's talks with the GCC 2 in Cairo - including exchanges between the Secretary and the Saudi Foreign Minister in the plus-one meeting - had been read to him in Tehran. Bahrain, with a Shi'a majority, is very vulnerable, though bin Alawi commended the recent Bahraini elections and the prospective inclusion of a Shi'a as Deputy PM in a new Bahraini government.

¶4. (C) Bin Alawi asserted that now was not a good time for direct dialogue with Syria or Iran on Iraq. (Note: Sultan Qaboos expressed later in the day - see septel - that Iran should be included in efforts to bring Iraqi Sunnis and Shi'a together. End Note.) He asked rhetorically, "What if Syria and Iran try to bring back the Ba'ath party, this time together with one of the Shi'a parties?" Bin Alawi also questioned the loyalty of Iraqi security forces if U.S. troops were to leave the country, and advised the U.S. to keep senior officers (e.g. brigade leaders) in the Iraqi armed forces until Iraq is ready to assume complete responsibility for security. The U.S. and its friends, bin Alawi said, must prevent former Iraqi military leaders from "coming back" and taking control as in the past.

¶5. (S/NF) According to bin Alawi, there are many grave doubts within the GCC as to Prime Minister Maliki's ability to bring about reconciliation in Iraq. The GCC, he continued, wants to see and support an Iraqi government that includes Sunnis in key positions and governs for the benefit of all Iraqis, not just one faction. Oman shares GCC skepticism of Maliki's credentials as a national leader, but sees no alternative. Bin Alawi said that convincing other GCC members, particularly Saudi Arabia and the UAE, to support and work with the Maliki government is going to be a "real chore." He added that "some" in the GCC do not trust Iraqi President Talibani or Foreign Minister Zebari.

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PRAISE FOR THE GCC 2

¶6. (C) Bin Alawi said that he strongly supports the GCC 2 mechanism and is in favor of expanding it to include other countries, such as Yemen, as circumstances permit. He added that he is open to including Iraq on discussions related to Iraq, though he counseled that Maliki - rather than Zebari - be the one in attendance. Including Morocco in the GCC 2 would be problematic, however, given its disagreements with Algeria. Bin Alawi stated that he hoped the proposed GCC 2 meeting in January will last for "at least" several days as participants will need time for discussions and, ideally, to carve out an action plan. He envisioned two days devoted for talks within the group, and a third day to hearing from those outside the group. For example, they could hear from Iraqis on Iraq issues, from Palestinians on Palestinian matters, and from Lebanese on the situation in Lebanon.

THE WAY FORWARD ON IRAN

¶7. (C) There was no specific discussion on Iran per se at the GCC Summit, bin Alawi shared. The statement from the Summit on nuclear energy development was drafted, in part, to send a message to Iran that GCC countries are also able to develop nuclear technology. He stressed that it was better for the GCC to pursue a peaceful joint program than for members to pursue individual national programs. "If we don't have a common program, some countries might do business with you, some with Korea, and some with China," bin Alawi stated.

¶8. (S/NF) Responding to A/S Welch's update on UN sanctions against Iran, bin Alawi said he believed that Iranian nuclear negotiator Ali Laranjani - who less than two month earlier told him that Iran had reached an agreement in principle with Javier Solana - still hoped that creation of an international

consortium to manage Iran's nuclear program could adequately address both Western and Iranian concerns. The consortium would, in theory, help ensure there was no diversion of nuclear technology or materials to a weapons program, while providing Iran with the benefits of peaceful nuclear energy. Bin Alawi added that the consortium could also increase positive Western influence in Iran and provide a "gateway" for further opening of the country to the global community. A/S Welch replied that unless such a consortium was off-shore with no Iranian participation (which Tehran would not accept), there was no way to prevent the transfer of nuclear knowledge for possible Iranian military use. If Iran were to participate in the proposed consortium, it would gain more nuclear know-how than it already possessed, which could easily be applied to a weapons program.

¶9. (C) Bin Alawi acknowledged U.S. concerns over the consortium idea and conceded that he did not know Iran's true intentions regarding its nuclear program. He claimed, however, that Iran truly wanted to reach a deal with the U.S., and that Tehran was aware that Russia could only provide them with limited support. He continued that Iran was "fed up" with Syria, particularly for misusing money coming from Tehran, while Damascus was similarly frustrated with Iran for cutting back on the flow of cash to Syria. (Note: Bin Alawi, interestingly, claimed that Syria produced as much as 400,000 barrels of oil per day, and that the bulk of oil sale proceeds went directly to the office of Syrian President Assad. End Note.) Turning back to sanctions, he commented that Iran could "get around" international sanctions through smuggling - which he noted could benefit businesses in the GCC - financed by the "billions" of dollars from Iran's oil and gas revenues. Asked if Iran had large amounts of cash available given the poor management of its economy, bin Alawi replied that Tehran "does not have to spend that much money at home" to appease Iranian citizens.

SUPPORT FOR ABU MAZEN

¶10. (C) Turning to the Israeli-Palestinian conflict, bin Alawi stated that if Hamas did not work with Abu Mazen to curb violence and form a unity government, it would further isolate itself from the Palestinian people. He argued that if the U.S. and Israel wanted to empower Abu Mazen, then Israel needed to lift checkpoints to improve Palestinian movement, transfer Palestinian tax revenues to Abu Mazen's office, and take other steps to improve people's daily lives.

If Hamas were to see such actions, it would be more serious in making accommodations to address Quartet demands. Bin Alawi asked if Palestinians were concerned by rumors of the resumption of peace negotiations between Israel and Syria,

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which he speculated might prompt the feuding parties to "get their act in gear." A/S Welch responded that there was no political support in Israel for talks with Syria unless there was a convincing sign from Damascus that it had undergone a change of heart in its support of Palestinian rejectionist groups.

¶11. (U) A/S Welch has cleared this message.
FONTENEAU